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TEN YEARS OF HUNGARIAN INDUSTRIAL DEVELOPMENTStatisztikai Tajekoztato
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This article discusses Hungary's industrial progress during the last 10 years, during which period a modern, socialized heavy industry has been created and the earning power and working conditions of the working class have become better than at any time prior to liberation.

Reconstruction Period, 1945-1947

The war damage suffered by Hungary's manufacturing, metallurgical, and mining industries totaled 2 billion pengo of 1938 value, that is, one half of the 1938 national income. The manufacturing industry lost 23.9 percent of its production capacity. The engineering industry alone lost 36 percent of its production capacity and 75 percent of its machine equipment. In addition, the handicraft industry suffered a loss of 1.5 billion pengo.

Resumption of industrial production in 1945 was handicapped by the fact that production in over 25 percent of manufacturing plants was stopped completely, and over 50 percent operated at a capacity of only 1-40 percent. At the time of liberation, industrial manpower was only 75 percent of that of 1938.

As a result, output of the principal products was considerably below that of 1938, as shown in the following table:

Production of Principal Products

<u>Product</u>	<u>Unit</u>	<u>1938</u>	<u>1945</u>
Iron ore	1,000 tons	279.3	47.8
Anthracite	1,000 tons	1,042.1	711.4
Brown coal lignite	1,000 tons	8,317.6	3,574.3
Pig iron	1,000 tons	335.0	43.7
Steel	1,000 tons	647.0	128.8
Electric power	Million kwh	1,399.3	755.6
Sole leather	Tons	7,751.0	1,649.0
Leather shoes	1,000 pairs	1,724.0	150.3
Paper	Tons	16,290.0	5,441.0

Production was slowed down by a rapid inflation. Living costs increased 500-fold between April and December 1945. By May 1946, the purchasing power of wages dropped to less than one third of that of 1938, and by July 1946, the ratio was only 10 percent. After the monetary reform, production increased by 30.2 percent. Production was also aided by the gradual nationalization of industry.

STAT

The coal mines were nationalized as early as December 1945. In 1946 and 1947, nationalization included the Manfred Weiss (now Matyas Rakosi), Ganz, and Rimamurany-Salgotarjan works; the oil wells; the bauxite mines; and the banks. By the end of 1947, approximately 60 percent of the industrial workers were employed in the nationalized sector. Production in the manufacturing industry increased rapidly and in several branches exceeded the 1938 level, as indicated in the following table (index: 1938 equals 100):

<u>Product</u>	<u>1946</u>	<u>1947</u>
Anthracite	69.2	101.7
Brown coal	67.8	93.3
Pig iron	47.8	90.0
Steel	80.1	100.5
Agricultural implements	69.1	105.5
Telephones	123.6	188.9
Electric power	91.5	126.2
Glass	87.2	229.9
Newsprint	106.1	150.9
Cotton yarn	45.0	105.2
Men's shoes	16.1	93.2
Sugar	60.9	143.2
Beer	44.0	121.2
Cigars, cigarettes	96.8	218.6

The Three-Year Plan, 1 August 1947-December 1949

The aim of the Three-Year Plan was to reconstruct industry by means of large-scale investments. During 1949, the production of the manufacturing industry exceeded the 1938 level by 40.4 percent, and production in heavy industry showed a corresponding increase of 66.3 percent. In attaining these successes, the nationalization of industry and the consolidation of the political power of the working class were of paramount importance. By 25 March 1948, all industrial establishments employing more than 100 workers had been nationalized, and 83.5 percent of the workers in the manufacturing industry became employees of the socialized sector.

The prerequisite for labor competition, "the Communist method of building socialism," had thereby been created. The first labor competition on a national scale was started in the spring of 1948, followed by the initiation of the Stakhanovite movement at the end of the same year. Industrial expansion was promoted by the 3-billion-forint industrial investment program carried out during the Three-Year Plan. Emphasis was laid on the expansion of heavy industry, the share of which in the over-all production of the manufacturing industry thereby increased to 46 percent from 38 percent in 1938.

STAT

The following table shows the volume of production of key industrial products in the period 1947-1949 (index: 1938 equals 100):

<u>Product</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>
Anthracite	101.7	118.8	132.3
Brown coal, lignite	93.3	112.9	126.0
Iron ore	82.0	99.0	114.0
Pig iron	90.0	114.7	122.7
Steel	100.5	119.0	132.9
Machine tools	381.7	1,625.5	3,072.5
Trucks	65.0	86.0	319.5
Bicycles	72.8	149.9	102.4
Motor bicycles	45.3	226.1	546.9
Tractors	76.3	264.9	474.4
Electric power	126.2	158.5	180.1
Nitrogen fertilizer	16.8	161.5	205.8
Phosphate fertilizer	44.7	89.0	170.0
Newsprint	150.9	173.3	200.7
Cotton yarn	105.2	117.0	146.3
Men's shoes	93.2	164.3	171.9
Children's shoes	82.8	169.9	188.7
Beer	121.2	146.2	139.7
Cigars, cigarettes	218.6	285.7	312.6
Butter	29.3	60.3	139.0

In the field of heavy industry, the manpower employed in 1949 exceeded the 1938 manpower by 63.2 percent in the engineering industry, by 120.7 percent in the heavy-current electrical industry, and by 70.8 percent in the fine mechanics industry. It is characteristic for the relative development of socialist industry that enterprises employing over 500 workers showed a relative gain in manpower.

After the monetary reform, wages rose rapidly, especially in heavy industry, as indicated in the following table (index: monthly average August-December 1946 equals 100):

STAT

<u>Industry</u>	<u>1947</u>	<u>1949</u>
Heavy industry	141.9	107.8
Light industry, including rubber industry	128.9	147.9
Food industry	112.5	151.7
Manufacturing industry as a whole	136.0	160.7

Productivity rose gradually during the Three-Year Plan and, with the exception of mining and the fine mechanics industry, it exceeded the 1938 level in the entire manufacturing industry. The rise was particularly great in heavy-current engineering, electric power production, and the clothing industry. The following table shows productivity of workers in the period 1947-1949 (index: 1938 equals 100):

<u>Industry</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>
Electric power production	93.6	132.5	144.1
Heavy-current engineering industry	97.5	132.4	145.0
Heavy industry as a whole	70.5	92.1	114.0
Clothing industry	119.9	134.6	158.5
Food industry	60.1	83.9	103.5
Light industry as a whole	76.6	100.6	115.3
Total manufacturing industry	67.9	89.9	109.4

Five-Year Plan, 1949-1954

Hungarian industry achieved outstanding success during the Five-Year Plan. In 1954, the manufacturing industry produced approximately 2.6 times as much as in 1949, with the production of heavy industry showing a 2.9-fold increase. In 1953, approximately two thirds of the national income was derived from industry as compared with only 50 percent in 1949. However, the rate of development was disproportionate in certain branches, and the light and food industries were neglected. During the period 1953-1954 [tenure of Minister President Imre Nagy], production declined by 3.1 percent in heavy industry, but increased by 9.5 percent in light industry and by 12.2 percent in the food industry.

The following table shows the output of certain important goods during the Five-Year Plan (index: 1938 equals 100):

<u>Product</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Coal	126.5	141.8	163.1	200.3	227.5	235.1
Petroleum	1,187.8	1,201.5	1,165.4	1,397.9	1,975.8	2,843.8
Electric power	180.1	214.4	250.6	299.9	329.8	345.2
Pig iron	122.7	137.7	157.4	185.0	213.7	251.6

STAT

<u>Product</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Steel	132.9	162.0	199.4	225.6	238.4	230.5
Motor bicycles	546.8	532.2	654.8	694.9	792.8	811.5
Cotton cloth	114.4	121.7	141.3	147.2	143.3	154.8
Women's shoes	138.0	190.2	250.5	250.0	278.7	305.9
Children's shoes	188.7	375.8	461.5	572.1	540.7	736.1
Sugar	141.5	176.9	249.6	176.3	301.9	240.7
Beer	139.6	229.0	290.3	370.2	499.2	588.9
Cigarettes	318.4	273.1	369.0	449.3	486.1	551.7

In contrast to the large increase in the output of most industrial products, production of many articles serving the needs of agriculture and of the general population failed to develop satisfactorily and, for several articles, even declined below the 1949 level. As a result of the June 1953 resolution of the Hungarian Workers Party, however, there was a definite increase in the production of these items in 1954 as shown below (1954 production in percent of 1953):

Nitrogen fertilizer	109.6
Bicycles	127.7
Tiles	110.2
Woolen clothing	133.1
Cotton stockings	138.3

The local and cooperative industries also made rapid progress. As compared with 1949, the production of local industry increased by 570 percent and that of the cooperative industry by 900 percent in 1954. However, despite the rapid progress in the cooperative industry, the number of independent artisans declined to a lower level than warranted. In compliance with the June 1953 resolution, steps have been taken to eliminate these difficulties and many independent artisans received trade licenses, especially outside Budapest.

Hungarian industry was plagued by quality defects throughout the Five-Year Plan. Agricultural implements, fertilizers, consumer articles, and even export goods were frequently defective. Some improvement was noticeable toward the end of 1954. Only 7.4 percent of the products of heavy industry were, for example, rejected in the fourth quarter of 1954 as compared with well over 10 percent during the first three quarters of the same year.

The advance in production was in part due to an increase of 300,000 in industrial manpower. Approximately 70.3 percent of this manpower worked in establishments employing more than 500 workers, as compared with 67.8 percent in 1949 and 43.7 percent in 1938. This rate of increase in manpower cannot be kept up indefinitely, however, and efforts must be made to raise production by greater productivity.

STAT

During the first years of the Five-Year Plan, industrial productivity increased at a high rate. In the industrial establishments operating under the jurisdiction of ministries, productivity in 1952 was 49.3 percent greater than in 1949 and 60 percent greater than in 1938. During the last 2 years of the Five-Year Plan, however, productivity was unsatisfactory. It increased by only 2.4 percent as compared with 1952 and even declined in 1954 as compared with 1953. The reason for this unfavorable development was largely lack of mechanization, especially in coal mining where the ratio of mechanized mining and loading in 1954 fell below that of 1951. The disappointing development of productivity is beginning to become a barrier to the country's further development in general. For this reason, the March 1955 resolution of the Central Committee of the party designated the increase of productivity as the most urgent task.

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